



Telecom Decision CRTC 2024-75

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Reference: Part 1 application posted on 24 February 2023

Ottawa, 8 April 2024

Public record: 8661-T78-202301125

Télébec, Société en commandite – Application to restructure segmented service charges for telephone number reservation service

Summary

Bell Canada is in the process of deploying fibre-to-the-home (FTTH) services in the serving territories of three of its affiliates: DMTS, a division of Bell Canada; KMTS, a division of Bell Canada; and Télébec, Société en commandite (Télébec). Bell Canada will be offering FTTH retail Internet, television and telephone services to customers in these territories. Bell Canada and Télébec have filed several applications to align the tariffs between the two companies to ensure greater consistency in the rates, terms and conditions of services.

In this decision, the Commission **approves** Télébec's application to restructure certain service charges and modify the terms and conditions for its telephone number reservation service, in order to align its tariff for this service with Bell Canada's. Approval of this application will benefit customers by simplifying the pricing structure for the telephone number reservation service and reducing the charges for these services.

Background

1. Bell Canada is in the process of deploying fibre-to-the-home (FTTH) services in the serving territories of three of its affiliated carriers, including Télébec, Société en commandite (Télébec). Operating as a competitive local exchange carrier (CLEC) in these territories, Bell Canada will be offering FTTH retail Internet, television and telephone services.
2. Télébec does not offer FTTH services in its traditional operating territory. Since Bell Canada will be offering these services in Télébec's operating territory, the companies have indicated that the most economical and expedient way to offer FTTH to residential customers is to use Bell Canada's computer systems. Residential customers served by the new FTTH facilities would be billed for their services by Bell Canada, not by its affiliates.

Application

3. Télébec submitted an application, dated 24 February 2023, in which the company proposed to restructure certain service charges and modify the terms and conditions for its telephone number reservation service. The telephone number reservation service allows Télébec to reserve one or more telephone numbers for a customer, at the customer's request.
4. Since Bell Canada will be offering FTTH services in Télébec's operating territory, Télébec submitted that the affiliate rule requires Bell Canada to offer its services in accordance with the applicable rules and tariffs approved for Télébec. To be compliant with this rule, Télébec indicated that it is attempting to align the services of the two companies to ensure greater consistency.
5. Specifically, Télébec proposed to
 - replace its connection fee including visit of \$81.00 and its connection fee excluding visit of \$52.75 with a simple service connection fee of \$49.95;
 - eliminate its line connection fee of \$30.00, which is used when a request is made to install two lines at the same address at the same time, or when a change is made to a line or to a telephone number;
 - limit the use of its file processing fee of \$20.00 to situations when a customer changes its directory listing without further service work or for a transfer of service responsibility; and
 - align its fees for reserving a residential home phone number, which is currently a minimum of \$97.75 (consisting of a \$10.00 monthly number reservation fee, \$35.00 reactivation fee and \$52.75 connection fee excluding visit), with Bell Canada's reservation charge of \$88.45 (consisting of a \$38.50 reservation fee and a \$49.95 connection fee).
6. Télébec submitted that if its application is approved by the Commission, customers would benefit from an average reduction of more than 15% on telephone number reservation service fees.
7. With respect to the telephone number reservation service, Télébec submitted that Bell Canada's service has a 12-month usage limit, while Télébec's service has no such limit. The company proposed to offer existing number reservation customers the option to extend this service for as long as they wish under the terms of the current Télébec tariff. However, for new number reservation customers, the maximum usage term would be 12 months under the same terms as the Bell Canada tariff.
8. Further, Télébec requested an exemption from the price floor test for its telephone number reservation service changes. Télébec submitted that the main reason for using price floors is to ensure the viability of competition, and in this case, approval of Télébec's application would have little impact on competition based on an analysis of the Quebec telecommunications market.

9. Télébec indicated that its proposal is based on two regulatory precedents. In Telecom order 98-484, the Commission approved an application from Bell Canada to provide a simplified service charge for business customers of item 100 – Work-Function Structure of its General Tariff to consolidate five rate elements to two rate elements. Additionally, in Telecom Decision 2013-733, the Commission approved a request from Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada for an exemption from the price floor test for non-recurring charges for residential local services. In that decision, the Commission indicated that rates that do not meet the price floor test are not necessarily anti-competitive in nature.
10. Finally, Télébec submitted that its proposal to (i) align the terms and conditions of its telephone number reservation service with those of Bell Canada, (ii) restructure its segmented service charges, and (iii) be exempted from the price floor test for its telephone number reservation service is consistent with the 2023 Policy Direction.¹ Specifically, Télébec submitted that its proposal promotes competition, affordability, consumer interests and innovation.
11. The Commission did not receive any interventions in regard to this application.

Commission's analysis

12. Télébec cited the affiliate rule in its application, which is intended to prevent an incumbent local exchange carrier (ILEC) from using an affiliate to bypass Commission regulation and provide services at rates, terms and conditions that are better than those that the ILEC would be able to offer under the Commission's rules, in a way that is potentially anti-competitive. However, the affiliate rule (as set out in Telecom Decision 2002-76) defines an affiliate as a person who is not a Canadian carrier and who controls or is controlled by the ILEC or who is controlled by a person who also controls the ILEC. Those rates, terms and conditions must be identical to the rates, terms and conditions which would apply if the telecommunications services in question were provided to the public by the ILEC, instead of by the affiliate.
13. Since Bell Canada is a Canadian carrier, the affiliate rule does not apply in this case. Rather, as reflected in Telecom Decision 2024-73, Télébec is under common control with Bell Canada and there is a requirement for Bell Canada to comply with section 25 and other applicable provisions of the *Telecommunications Act* (the Act) whenever the affiliated ILEC would be required to do so.² As a result, it would be appropriate for Bell Canada's tariff to reflect the offering of the applicable services in the serving territory of Télébec.

¹ *Order Issuing a Direction to the CRTC on a Renewed Approach to Telecommunications Policy*, SOR/2023-23, 10 February 2023

² Section 25 of the Act states that no Canadian carrier shall provide a telecommunications service except in accordance with a tariff filed with and approved by the Commission that specifies the rate or the maximum or minimum rate, or both, to be charged for the service.

14. While the affiliate rule does not apply, the Commission otherwise considers that Télébec's proposal to restructure and align service charges for its telephone number reservation service will benefit customers because it will simplify the pricing structure and reduce the charges for these services.
15. With respect to Télébec's proposal to be exempted from the price floor test, the Commission notes that the considerations outlined in Telecom Decision 2013-733 are relevant to the assessment of Télébec's proposed tariff changes and its proposed exemption from the price floor test. In that decision, the Commission found it appropriate to waive the price floor test for Bell Aliant's and Bell Canada's non-recurring charges in Ontario and Quebec, subject to the companies' commitment to charge a uniform, province-wide amount for each of these charges. The Commission also found it appropriate to impose a new minimum price of \$49.95 in Ontario and Quebec for the companies' residential Service Connection charge.
16. Given that (i) telephone number reservation services are provided in association with the offering of a residential service, (ii) the revenue amounts involved are limited, and (iii) competitors in the region are able to offer connection services free of charge to incentivize customers to switch providers, the Commission is of the view that approving Télébec's proposal to be exempted from the price floor test would not be anti-competitive in nature.
17. Furthermore, the Commission considers that approval of Télébec's application advances the objective outlined in paragraph 7(b) of the Act, which is to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada.

Conclusion

18. In light of all of the above, the Commission **approves** Télébec's application to (i) restructure certain service charges and modify the terms and conditions for telephone number reservation service (as outlined in paragraph 5 of this order), and (ii) exempt the residential telephone number reservation service from passing the price floor test.
19. The Commission **directs** Télébec to file revised tariff pages with the Commission within **15 days** of the date of this decision.

Secretary General

Related documents

- *Bell Canada – Application to align 9-1-1 fees in the operating territories of Bell Canada's affiliated carriers*, Telecom Decision CRTC 2024-73, 8 April 2024
- *Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Request to waive the price floor test for non-recurring charges associated with residential local exchange services*, Telecom Decision CRTC 2013-733, 19 December 2013

- *Regulatory safeguards with respect to incumbent affiliates, bundling by Bell Canada and related matters*, Telecom Decision CRTC 2002-76, 12 December 2002
- *Local Competition*, Telecom Decision CRTC 97-8, 1 May 1997